

EXHIBIT 1

INTRODUCTION

Respondent J. Taylor Crandall is an individual residing in Woodside, California.

In 2004, during the first semi-annual campaign reporting period, Respondent made a \$100,000 political contribution, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file semi-annual campaign statements, commonly known as a “major donor statements,” disclosing Respondent’s campaign activity during the six-month periods January 1, 2004 through June 30, 2004 and July 1, 2004 through December 31, 2004.

As a major donor committee, Respondent was required by the Act to file a late contribution report disclosing its late contributions of \$1,000 or more within 24 hours of making them.

For the purposes of this Stipulation, Respondent’s failures to comply with the Act are stated as follows:

COUNT 1: Respondent J. Taylor Crandall failed to file a semi-annual campaign statement, by the July 31, 2004 due date, for the reporting period January 1, 2004 through June 30, 2004, as required by section 84200, subdivision (b) of the Government Code.

COUNT 2: Respondent J. Taylor Crandall did not timely disclose a \$200,000 late contribution to the “Yes on 71 Committee” in a properly filed late contribution report, by the October 28, 2004 due date, as required by section 84203, subdivision (a) of the Government Code.

COUNT 3: Respondent J. Taylor Crandall did not timely disclose on a semi-annual campaign statement filed December 20, 2004, a \$200,000 contribution as required by section 84211, subdivision (k) and section 84203, subdivision (b).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions, including loans, totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 through June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 through December 31, and must be filed by January 31 of the following year.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement.

Section 84203, subdivision (b) requires that a late contribution shall be reported on a subsequent semi-annual campaign statement.

Section 84211, subdivision (k) requires that for each person to whom a contribution of one hundred dollars (\$100) or more has been made during the period covered by the campaign statement, the statement contain the full name and address of the candidate or committee receiving the contribution and the date and amount of the contribution.

Section 84215, subdivision (a) requires all major donor committees that make contributions supporting or opposing state candidates, measures, or committees to file their campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

During the semi-annual reporting period January 1, 2004 through June 30, 2004, Respondent J. Taylor Crandall made a \$100,000 campaign contribution to the “Yes on 71

Committee.” By making campaign contributions of \$10,000 or more in the 2004 calendar year, Respondent qualified as a major donor committee under section 82013, subdivision (c).

The Enforcement Division reviewed Respondent’s campaign filings as part of the Enforcement Division’s Streamlined Late Contribution Program. Upon discovering potential violations, Maryann Kvasager of the Enforcement Division contacted Respondent in July 2005. In response to that contact, Respondent amended his December 20, 2004 major donor statement disclosing the October 27, 2004 late contribution.

COUNT 1

Failure to File a Semi-Annual Campaign Statement

As a major donor committee, Respondent J. Taylor Crandall had a duty, under section 84200, subdivision (b), to file a semi-annual campaign statement for the reporting period January 1, 2004 through June 30, 2004, disclosing campaign contributions made during that reporting period. Respondent was required to file the statement at all of the locations specified in section 84215, subdivision (a), including the Office of the Secretary of State, by July 31, 2004. Respondent failed to file a semi-annual campaign statement by the July 31, 2004 due date, as required by section 84200, subdivision (b).

COUNT 2

Failure to File a Late Contribution Report

On October 27, 2004, during the late contribution reporting period, Respondent J. Taylor Crandall made a \$200,000 contribution to the “Yes on 71 Committee.” As a major donor committee, Respondent J. Taylor Crandall had a duty, under section 84203, subdivision (a) to file a late contribution report by October 28, 2004, disclosing the \$200,000 campaign contribution made to the “Yes on 71 Committee.” Respondent was required to file the late contribution report at all of the locations specified in section 84215, subdivision (a). Respondent failed to timely file a late contribution report by October 28, 2004, as required by section 84203, subdivision (a).

COUNT 3

Failure to Report the \$200,000 Contribution

On December 20, 2004, Respondent J. Taylor Crandall filed a semi-annual major donor campaign statement. Respondent J. Taylor Crandall had a duty, under section 84211, subdivision (k), and section 84203, subdivision (b), to report the \$200,000 contribution made on October 27, 2004, on the semi-annual campaign statement for the reporting period July 1, 2004 through December 31, 2004. Respondent failed to timely disclose the above-referenced \$200,000 contribution to the “Yes on 71 Committee” on the major donor statement as required by section 84211, subdivision (k) and section 84203, subdivision (b).

Enforcement Division staff contacted Respondent J. Taylor Crandall in July 2005 regarding his failure to amend his semi-annual campaign statement to disclose the \$200,000 contribution on the December 20, 2004 semi-annual campaign statement. In August 2005,

Respondent filed an amended campaign statement with Enforcement Division staff, but failed to file the amended statement at all locations specified in section 84215. As a condition of this stipulated settlement, Respondent has filed the amended campaign statements at all the appropriate locations.

CONCLUSION

This matter consists of three counts, which carry a maximum possible administrative penalty of Fifteen Thousand Dollars (\$15,000).

This matter was excluded from the Enforcement Division's Streamlined Major Donor Enforcement Program due to the size of the unreported contribution and the failure of Respondent to initially file the amended campaign statements at all appropriate locations.

The administrative penalty imposed for major donor filing violations resolved outside of the Streamlined Major Donor Enforcement Program has historically been determined on a case-by-case basis, and has varied depending on the mix of aggravating and mitigating circumstances. In this case, Respondent's violations are aggravated by the fact that it required multiple contacts by the Enforcement Division in order to prompt him to file the amended semi-annual campaign statement, and the additional efforts of Enforcement Division staff to arrive at a stipulated settlement.

The facts of this case and amount of the unreported late contribution justifies imposition of the agreed upon penalty of Fifteen Thousand Dollars (\$15,000).